CANADA·SASKATCHEWAN
Crop Insurance

Annual Report
1986 - 1987

Saskatchewan
Crop Insurance
Corporation

Agriculture
Canada

Government of
Saskatchewan

88-03087/

Saskatchewan Crop Insurance Corporation

Annual Report

For the year ending March 31, 1987

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LETTERS OF TRANSMITTAL

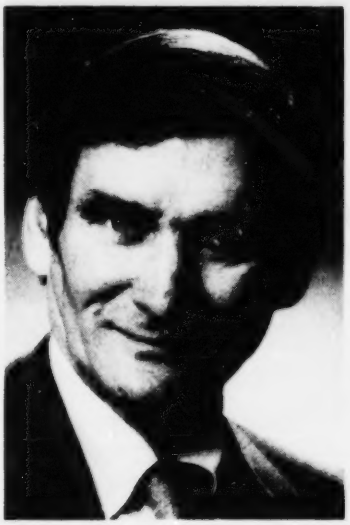
To His Honour
The Honourable Frederick W. Johnson
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to transmit herewith the Annual Report of the Saskatchewan Crop Insurance Corporation for the year ended March 31, 1987, including the financial statements therefore, duly certified by the Provincial Auditor in the form approved by Treasury Board, all in accordance with the Crown Corporations Act, 1978.

I have the honour to be, Sir,
Your Obedient Servant,

Neal Hardy
Minister-in-charge
Saskatchewan Crop Insurance Corporation



To the Honourable Neal Hardy
Minister-in-charge
Saskatchewan Crop Insurance Corporation
Regina, Saskatchewan

Sir:

Presented herewith is the Twenty Seventh Annual Report of the Saskatchewan Crop Insurance Corporation for the fiscal year ended March 31, 1987.

Respectfully submitted,

Saskatchewan Crop Insurance Corporation

William Farley
Chairman

Henry Zilm
President

OVERVIEW

Program Background

The Saskatchewan Crop Insurance Corporation has administered the Canada-Saskatchewan Crop Insurance Program since 1961.

The primary objective of the Canada-Saskatchewan Crop Insurance Program is to make available to the farmers of the province a comprehensive, all-risk Crop Insurance plan. The availability of the program provides a stabilizing effect on farm income in years of heavy losses.

The Program offers protection against crop loss that is due to natural hazards. Insured producers are guaranteed a minimum production of the designated grade for each crop. Spot-loss protection is provided for losses due to hail or fire. The costs of reseeding are covered on a similar basis under the reseeding benefit. Protection is available against the inability to seed insured acreage due to excess moisture. Coverage is also available to Saskatchewan honey producers to ensure a guaranteed level of production.

The Saskatchewan Crop Insurance Corporation provided coverage to nearly 49,000 producers in 1986, an increase of over 2,000 from the year before.

Objectives:

Under the Crop Insurance Act, Statutes of Saskatchewan, 1983-84, Chapter C-47.2, the Corporation is empowered to:

(a) Engage in the business of crop insurance by making available actuarially sound insurance programs to eligible producers;

(b) Administer the Crop Insurance Fund;

(c) Provide such facilities and employees as are needed to carry out the authority and responsibility of the Corporation; and,

(d) Make grants to producers suffering crop losses from damage caused by migratory waterfowl.

Financial participation Governments of Canada and Saskatchewan

The Government of Canada contributes 50 per cent of the total premium which totalled $82.7 million for 1986-87.

The Government of Saskatchewan contributes all of the administration costs which totalled $11.8 million for 1986-87.

PROGRAM ACCOMPLISHMENTS FOR 1986

1) The Multi-Year Disaster Benefit Program was introduced.

2) Coverage on Triticale production was provided.

3) An Establishment Benefit for fall-seeded crops was added.

CORPORATE DIRECTORY

Chairman's Message

The 1986-87 crop year proved to be an exciting and challenging year for Saskatchewan Crop Insurance Corporation.

The number of active contract holders rose from 46,894 in 1985 to 48,952 during 1986. As a result the total liability also increased from $1.5 billion in 1985 to nearly 1.8 billion in 1986.

In terms of claims and indemnities however 1986 proved to be a considerably lighter year with $119 million in indemnity payments compared to $377 million in 1985.

In 1986 Premier Grant Devine announced that Saskatchewan Crop Insurance Corporation would move its corporate head office from Regina to Melville. As a board we recognized that a great deal of planning would be required to facilitate the successful transition while maintaining ongoing customer service. This I can say, with great pride, took place and in March of 1987, the corporation opened its doors for business in Melville.

In June of 1987 over 600 citizens and dignitaries, including the Honourable Grant Devine, took part in the official opening of these facilities.

The Board is confident that the Corporation will continue to maintain its standing as a world class organization, current in its approach to the requirements of today's farm producer.

Changing farm practices and economic conditions require a firm commitment from members of the Board of Directors and management to seek innovative approaches to the crop insurance program. As Chairman, I am confident that Saskatchewan Crop Insurance Corporation will continue to meet its mandate.

CORPORATE DIRECTORY

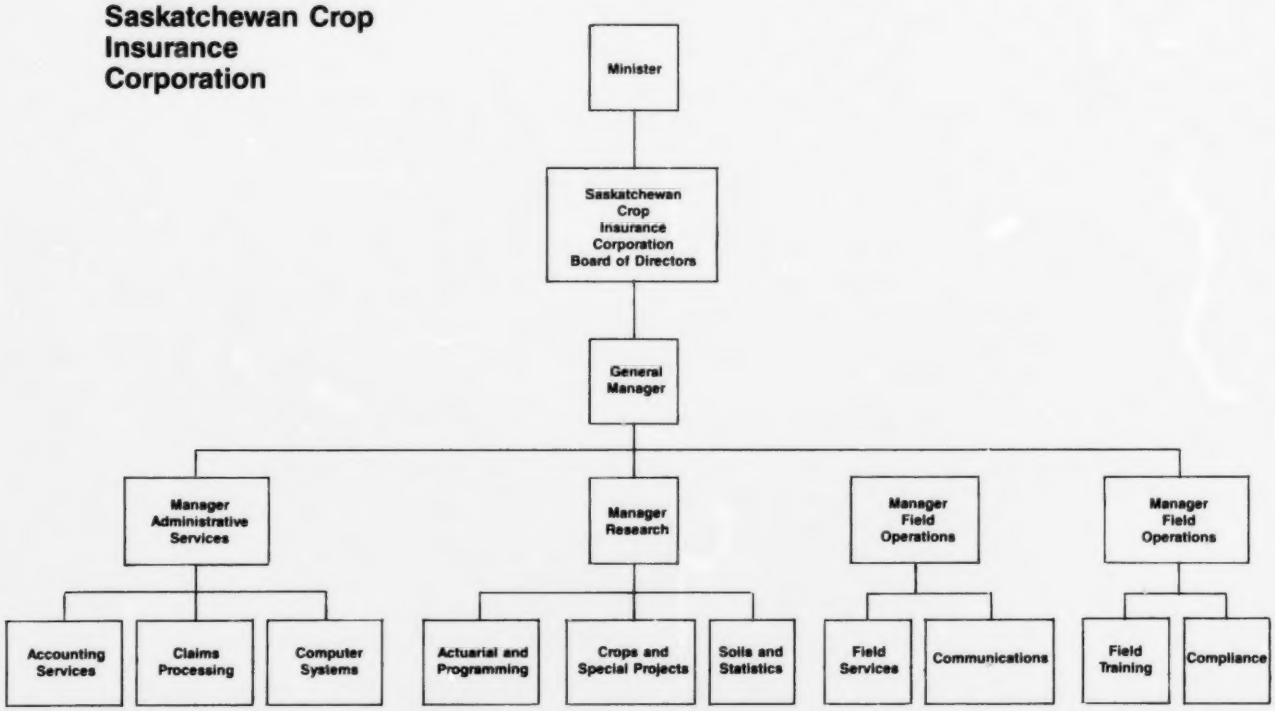
Corporation's Principal Officers

The principal officers of the Corporation for 1986-87 were:

Henry Zilm, General Manager
Merv M. Ross, Manager, Research
James C. Walters, Manager, Administration
Ron Osika, Manager, Field Operations
Allan Black, Manager, Field Operations

Organization Chart

Saskatchewan Crop Insurance Corporation



PROGRAM FEATURES

Insurable causes of loss:

Protection is provided against crop losses caused by any of nature's uncontrollable hazards including: drought, flood, frost, hail, fire, excessive rain, snow, hurricane, tornado, wind, wildlife, insect pests and plant disease.

Crops insurable:

Hard red spring wheat, durum wheat, utility wheat, winter wheat, barley, oats, fall rye, spring rye, flax, canola, tame mustard, sunflowers, field peas, lentils, fababeans, canary seed, soft white spring wheat, sweetclover, triticale and honey.

Tame perennial forages grown for fodder were also insured in the Southern part of the province under a weather-based program.

Honey Insurance

Participation in the honey insurance program increased in 1986. Coverage of $691,274 was provided to honey producers in the three production regions, up 74 per cent from 1985. Indemnities under this program totalled 207,616 in 1986, a reduction of 32 per cent from the year previous.

Type of Insurance:

(i) **Production guarantee:**

Each producer is guaranteed a minimum quantity of production for each crop insured. The insured is indemnified if the yield on the insured acreage falls below this minimum.

(ii) **Quality guarantee:**

Production of each insured crop is guaranteed to grade at least as high as the designated grade for that crop. An insured's production is adjusted downwards if the quality is below that of the designated grade.

(iii) **Hail/fire spot-loss benefit:**

Spot-loss coverage is provided for hail and fire damage at no additional cost to the insured.

Coverage for hail or fire damage is equal to the yield-loss coverage selected for each crop. Spot-loss indemnities do not lower the production guarantee, but indemnities from both spot-loss and yield-loss cannot exceed the production guarantee.

(iv) **Reseeding benefit:**

The reseeding benefit is paid to producers when reseeding is required due to insurable causes, up to the final seeding date. Payments are made on a spot-loss basis, and do not affect yield-loss coverage on the reseeded crop.

(v) **Unseeded acres insurance option:**

This option allows the producers to insure against moisture conditions that make it impossible to seed intended acreage by seeding deadline.

(vi) **Unseeded acreage option:**

This option allows the producers to insure against moisture conditions that make it impossible to seed intended acreage by the seeding deadline.

(vii) **Individual coverage option:**

This feature provides the insured with the option of selecting coverage based on individual rather than area yields. Coverage will be provided at the rate of 80% of the average yield for the last ten years. As data is collected for this option, the relationships established will be used to replace the area-based figures. Individual coverage selection applies to all crops except sweetclover.

(viii) **Pedigreed seed option:**

This option is available to members of the Canadian Seed Growers Association. It provides a higher price option for all pedigreed crops with the exception of sweetclover.

PROGRAM FEATURES

Multi Year Disaster Benefit Program

Enhanced coverage is provided to producers in areas where major crop losses have occurred in successive years under the Multi Year Disaster Benefit Program. The program is the result of a federal-provincial initiative to deal with multi-year crop disasters through the crop insurance program, rather than through the use of ad-hoc programs. The program is part of a comprehensive strategy to provide disaster relief in the Prairie Provinces in the event of successive years of widespread crop loss such as 1984 and 1985. The additional coverage is intended to provide increased compensation to offset the dramatic impact that consecutive disaster losses have on local economies.

Insured producers selecting area-based coverage will have their chosen coverage of either 60% or 70% increased by an additional 10% of average yield in areas that qualify for enhanced coverage. Qualifying areas are those that have suffered major losses in each of the two preceding crop years.

For 1986, enhanced coverage was provided in 128 R.M.'s for a total liability of $127 million. As a result of this program, indemnities of $8.2 million were paid.

Coverage adjustment:

Base coverages are established according to the average yield for each risk area. The coverage adjustment feature relates coverage more closely to the actual yields on an individual farm. An insured's coverage is increased or reduced depending upon his experience with a particular crop within the Crop Insurance Program.

With favorable experience, the coverage may increase up to 125 per cent of the base coverage, while with less favorable experience, the coverage may be reduced as low as 70 per cent of the base. Adjustments are determined by the accumulated loss to premium ratio for that crop.

Experience discount:

This feature provides a reduction in premiums to producers as they accumulate no-loss years in the Program, in recognition of differences in risks between individual farmers.

Each year in the Program without a loss results in a gradual reduction in premium to a maximum discount of 50 per cent. When losses occur, the premium is adjusted upwards again, based on the amount of the loss relative to the premium paid, however the discount can never fall below zero.

Price options:

Two price options are available for each insured crop. The individual may select either the high or low option. The price selected is used to determine the indemnity payable if a shortfall in production occurs. The price options are reviewed annually with consideration for prevailing market prices and costs of production.

Coverages and premium rates:

The province is divided into 33 risk areas so that coverage and premium rates can be established for each crop in accordance with the crop yield history and risks common to each area. Coverage for each crop is based on 60 to 70 per cent of the recent 15 year average yield for summerfallow and stubble for each risk area. Higher coverage is afforded to summerfallow than to stubble crops.

The premium rate for each risk area is based on the cropping history and yield variability within the area for the past 25 years.

A land productivity rating has been established for each quarter section based on the productive capability of the soil. The land rating establishes the coverage and premium rate assigned to each quarter section.

Irrigated crops are provided coverage at rates in accordance with the increased yields and reduced risk resulting from an assumed water supply.

Establishment benefit:

The establishment benefit is similar in principle to the reseeding benefit, but applies to fall-seeded crops which fail to establish by spring. Coverage of $15 per acre is provided.

SUMMARY 1986

General Summary

As the Crop Insurance Program celebrated its twenty-fifth year of operation, participation was an all-time high. Nearly 49,000 producers or 77 per cent of Saskatchewan farmers, held contracts, an increase of 4 per cent over 1985. Over 113,000 crops were insured for an average of 2.3 crops per contract, unchanged from the previous year. Liability exceeded one and three-quarter billion dollars, up 14 per cent from 1985.

A record acreage of over 23 million acres was covered by Crop Insurance in 1986. This represents a 12 per cent increase from the year previous. Insured acreage accounts for approximately 73 per cent of seeded acreage for insurable crops.

Experience discounts decreased in 1986 as a result of record levels of indemnities paid out in 1985. Approximately 50 per cent of insureds qualified for reduced premiums in 1986, compared with 55 per cent the year before. The average discount was 6.3 per cent (7.2 per cent in 1985).

Despite the high indemnities paid out in 1985, coverage adjustment increased in aggregate for 1986. This was a result of a heavy concentration of losses in the western region of the province. In areas where few claims were recorded, coverage increased for 1986. The average for the province increased from 6.4 per cent in 1985 to 7.7 per cent in 1986.

Indemnities were paid on 26 per cent of the crops insured for a total indemnity payment of $119 million. This represented an average payment of $4100 per claim.

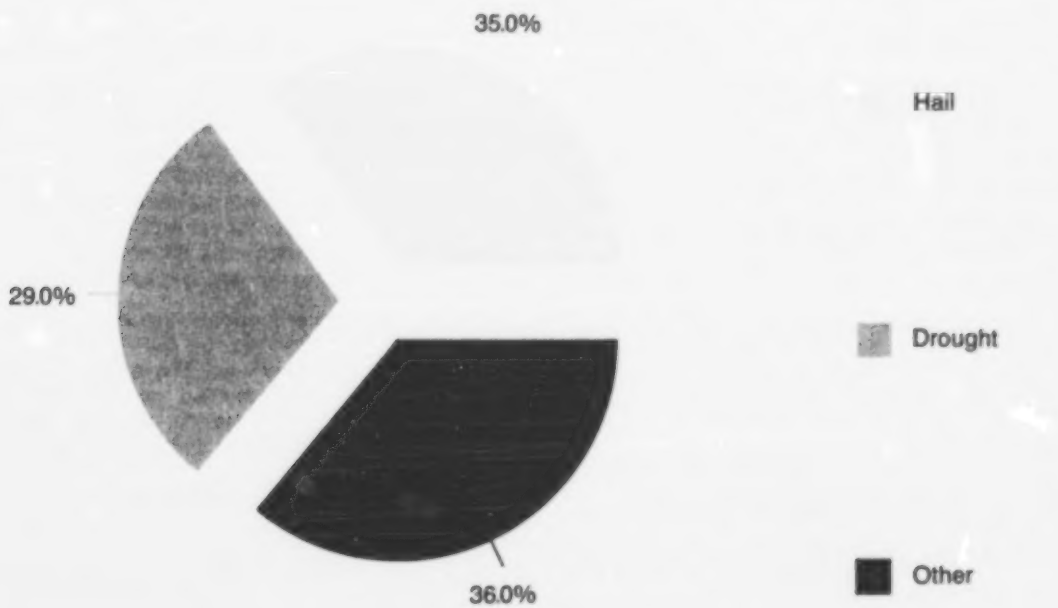
SUMMARY 1986

Summary of Coverages and Indemnities

	Crop Year	
	1985	1986
Contracts	46,894	48,952
Acres (M)	20.9	23.5
Liability (B)	$1.558	$1.778
Revenue (M)	$158.2	$174.3
Indemnities (M)		
Spot-loss hail	$38.1	$41.7
Yield loss	$330.3	$71.8
Reseeding benefit	$8.9	$5.5
Unseeded acres	$.258	$.035
Total	$377	$119
Loss Ratio	2.38	0.68

Of all indemnities paid, 29 percent were due to drought and 35 percent due to hail. Of the 113,241 crops insured, 29,161 received indemnities.

1986 Causes of Loss



SUMMARY 1986

Claims Summary

	Crop Year	
	1985	1986
Pre-Harvest	19,949	1,719
Post-Harvest	36,717	19,009
Reseeding Benefit	5,560	5,456
Unseeded Acres	116	22
Spot-loss Hail	14,691	18,821
Spot-loss Fire	16	32
	77,049	45,059

Hail claims were adjusted under contract with Saskatchewan Municipal Hail Insurance Association in all areas except in Region B (South West) and Region D (West Central) where all hail claims were adjusted by the Corporation.

AUDITOR'S REPORT

Saskatchewan Crop Insurance Corporation
Financial statements
for the year ended March 31, 1987

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Statement 1 — Balance sheet
Statement 2 — Statement of revenue and expenditures
Statement 3 — Statement of retained earnings
Statement 4 — Statement of changes in financial position
Notes to financial statements
Schedule 1 — General administration revenue and expenditures.

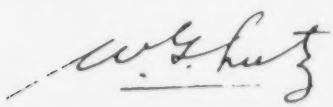
AUDITOR'S REPORT
Saskatchewan Crop Insurance Corporation

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of the Saskatchewan Crop Insurance Corporation as at March 31, 1987 and the statements of revenue and expenditures, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the corporation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
August 6, 1987.



W. G. Lutz, F.C.A.,
Provincial Auditor

Saskatchewan Crop Insurance Corporation
Balance Sheet
as at March 31

Statement 1

	1987	1986
Assets		
Inventory	$ 85,230	$ 113,413
Prepaid expenses	10,199	31,862
Investments	27,897,362	498,876
Accounts receivable (Note 3)	6,856,722	6,754,709
Premiums receivable (less allowance for doubtful accounts 1987 - $2,563,925; 1986 - $1,487,485)	6,252,998	3,087,763
Due from Crop Reinsurance Fund of Saskatchewan	54,787,354	79,591,518
Due from Crop Reinsurance Fund of Canada for Saskatchewan	—	167,897,509
Fixed assets — office and field equipment — at cost	367,928	344,230
	$96,257,793	$258,319,880
Liabilities and equity		
Liabilities:		
Bank overdraft	$ 2,098,380	$ 963,060
Accounts payable and accrued liabilities	776,541	690,187
Indemnities payable	6,035,166	7,436,904
Due to Minister of Finance (Note 7)	79,235,331	248,849,585
Due to Crop Reinsurance Fund of Canada for Saskatchewan	2,019,347	—
	90,164,765	257,939,736
Equity:		
Equity in fixed assets	367,928	344,230
Retained earnings (Statement 3) (Note 5)	5,725,100	35,914
	$96,257,793	$258,319,880

(See accompanying notes to financial statements)

Saskatchewan Crop Insurance Corporation
Statement of revenue and expenditures
for the year ended March 31

Statement 2

	1987	1986
Insurance operations		
Revenue		
Gross premium less discounts - insured (Note 6)	$ 88,008,642	$ 79,132,924
Government of Canada contributions	82,680,545	77,211,976
	170,689,187	156,344,900
Less: Premium ceded		
Crop Reinsurance Fund of Canada for Saskatchewan	24,804,164	23,163,593
Crop Reinsurance Fund of Saskatchewan for Canada	24,804,164	23,163,593
	49,608,328	46,327,186
Net premium	121,080,859	110,017,714
Reinsurance claims	—	265,748,989
Interest on investments	2,291,166	287,684
Interest on overdue accounts	1,328,725	1,580,032
Total revenue	124,700,750	377,634,419
Expenditure		
Indemnities - yield (includes unseeded summerfallow and reseeding benefits)	77,304,301	338,129,874
- spot loss hail	41,750,028	39,050,277
Provision for doubtful accounts	1,224,375	454,268
Total expenditure	120,278,704	377,634,419
Excess of revenue over expenditure insurance operations	4,422,046	—
Excess (deficit) of revenue over expenditure general administration (Schedule 1)	1,267,140	(44,053)
Excess (deficit) of revenue over expenditure for the year (Statement 3)	$ 5,689,186	$ (44,053)

(See accompanying notes to the financial statements)

Saskatchewan Crop Insurance Corporation
Statement of Retained Earnings
for the year ended March 31

Statement 3

	1987	1986
Balance, beginning of year	$ 35,914	$ 79,967
Excess (deficit) of expenditure over revenue for the year (Statement 2)	5,689,186	(44,053)
Balance, end of year (Note 5) (Statement 1)	$5,725,100	$ 35,914

(See accompanying notes to the financial statements)

Saskatchewan Crop Insurance Corporation
Statement of changes in financial position
for the year ended March 31

Statement 4

	1987	1986
Cash provided by operating activities:		
Excess (deficit) of revenue over expenditure	$ 5,689,186	$ (44,053)
Changes in non-cash working capital items:		
(Decrease) increase in inventory	(28,183)	40,136
(Decrease) in prepaids	(21,663)	(6,825)
Increase in accounts receivable	102,013	5,446,115
Increase in premiums receivable	3,165,235	1,615,804
(Decrease) increase in due from Crop Reinsurance Fund of Saskatchewan	(24,804,164)	72,671,142
(Decrease) increase in due from Crop Reinsurance Fund of Canada for Saskatchewan	(167,897,509)	80,345,994
(Increase) in accounts payable	(86,354)	(207,667)
Decrease (increase) in indemnities payable	1,401,738	(4,575,778)
Decrease (increase) in due to Minister of Finance	169,614,254	(158,849,585)
(Increase) in due to Crop Reinsurance Fund of Canada for Saskatchewan	(2,019,347)	—
	20,573,980	3,520,664
Increase in investments and bank overdraft	26,263,166	3,476,611
Investments and bank overdraft, beginning of year	(464,184)	(3,940,795)
Investments and bank overdraft, end of year	$ 25,798,982	$ (464,184)

(See accompanying notes to the financial statements)

Saskatchewan Crop Insurance Corporation
Notes to financial statements
March 31, 1987

1. Status of Corporation

The Saskatchewan Crop Insurance Corporation was established by Order-in-Council 544/74 and continues under The Crop Insurance Act.

The Saskatchewan Crop Insurance Fund was established pursuant to The Saskatchewan Crop Insurance Act, 1960 and continues under the provisions of The Crop Insurance Act (Saskatchewan).

The Crop Insurance Act was assented to June 1, 1984 and consequently the Saskatchewan Crop Insurance Act was repealed on July 1, 1984 upon proclamation of The Crop Insurance Act. All the property, rights and obligations, and any legal proceedings or actions of the Saskatchewan Crop Insurance Board which were previously recorded in the accounts of the Board or commenced by the Board were transferred to the Saskatchewan Crop Insurance Corporation. As a result of the new Act the activities of the Saskatchewan Crop Insurance Fund (previously administered by Saskatchewan Crop Insurance Board) are combined with those of the Corporation.

2. Significant Accounting Policies

a) **Revenue**

Revenue of the Corporation (general administration) includes sums appropriated by the Legislature.

b) **Fixed Assets**

The Corporation utilizes a fund accounting basis wherein fixed asset purchases appear in the statement of revenue and expenditures as an expense. To maintain accountability for fixed assets, it is necessary to record them as a balance sheet asset with a corresponding entry to "Equity in Fixed Assets". As asset purchases and sales appear in the statement of revenue and expenditures, no provision is made for depreciation on fixed assets.

c) **Inventory**

Inventory represents office supplies on hand at the end of the year which are valued at cost. The Corporation has adopted the first in, first out method of cost determination for valuation purposes.

d) **Investments**

Short-term investments are recorded at cost which approximates market value.

e) **Indemnities Payable**

The provision for indemnities payable includes the cost of indemnities reported and processed but not paid and an estimate, based on the average loss for crops suffering the same type of damage, for those indemnities that had been reported but not processed at year-end. The amount of the estimate is $1,010,000 (1986 - $2,900,000).

f) **Cost Sharing**

A. **Contributions**

In accordance with the agreement between the Government of Canada and the Province of Saskatchewan (amended by the 1987 amending agreement), the Government of Canada has agreed to reimburse the Province for the contributions it has made to the Saskatchewan Crop Insurance Fund in accordance with the terms of The Crop Insurance Act (Canada). The reimbursements received from Canada are deposited in the Consolidated Fund.

Section 11(4) of The Crop Insurance Act (Saskatchewan) provides that the Minister of Finance of the Province of Saskatchewan may pay out of the Consolidated Fund into the Saskatchewan Crop Insurance Fund in each fiscal year contributions not exceeding the total of the amounts that insured persons have paid as premiums in respect of contracts of insurance in

that fiscal year. Premiums paid for the purposes of this calculation are net of discounts and exclude interest, surcharges and penalties.

For the financial statement purposes contributions from Consolidated Fund are described as contributions from the Government of Canada and amounts due on the final claim as accounts receivable from the Government of Canada.

B. **Reinsurance Funds**

The Crop Insurance Agreement dated April 2, 1976 (as amended by the 1987 amending agreement) between the Governments of Saskatchewan and Canada, continued under section 23 of The Crop Insurance Act (Saskatchewan) provides for the establishment of two reinsurance funds.

(i) The Crop Reinsurance Fund of Saskatchewan — to be administered by the Government of Saskatchewan, and

(ii) The Crop Reinsurance Fund of Canada for Saskatchewan — to be administered by the Government of Canada.

Under the terms of the agreement the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the reinsurance funds based on premiums received during that insurance year including the matching contributions made by the Province.

Per the agreement, payments may be made out of the Reinsurance Funds under the following conditions:

(1) Indemnities required to be paid in an insurance year would have to exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded

b) the balance in the Saskatchewan Crop Insurance Corporation — Insurance operation

c) 2½% of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

(2) The balance of indemnities to be paid would be shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds.

3. Accounts Receivable

The accounts receivable of the Corporation at the end of the year include the following:

	1987	1986
General Administration	$125,577	$ 32,222
Due from Minister of Finance under Federal Provincial Crop Insurance Agreement	6,731,145	6,722,487
	$6,856,722	$6,754,709

4. Balance of Crop Reinsurance Fund

Crop Reinsurance Fund of Canada for Saskatchewan

The balance in the Crop Reinsurance Fund of Canada for Saskatchewan as at March 31, 1987 was a deficit of $121,414,345 (1986 - deficit $146,215,911).

Crop Reinsurance Fund of Saskatchewan

The balance in the Crop Reinsurance Fund of Saskatchewan as at March 31, 1987 was a deficit of $54,787,354 (1986 - deficit $79,591,518).

5. Retained Earnings

The retained earnings of the Fund at the end of the year include the following:

	1987	1986
Insurance operation	$4,422,046	$ —
General administration	1,303,054	35,914
	$5,725,100	$35,914

6. Discounts

Discounts allowed during the year, with comparative figures for 1986, were as follows:

	1987	1986
Experience discounts	$5,503,361	$5,978,363

7. Related Party Transactions

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the Board is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms, except for the amounts due to Minister of Finance. These amounts are non-interest bearing.

8. Comparative Financial Statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1987 financial statements.

Saskatchewan Crop Insurance Corporation
General Administration Revenue and Expenditures
for the year ended March 31

Schedule 1

	1987	1986
Revenue:		
Province of Saskatchewan appropriation	$11,855,000	$11,250,000
Interest on investments	141,513	157,699
Adjusting waterfowl, wildlife and lure crops	260,926	164,371
Miscellaneous	7,481	46,371
Total revenue	12,264,920	11,618,441
Expenditure:		
Salaries	5,806,694	6,938,857
Adjusting hail claims	666,928	547,417
Travel and sustenance	1,349,545	1,691,248
Office rental	424,451	337,735
Employee benefits	382,751	439,286
Computer and analyst services	800,315	454,859
Postage	320,815	290,340
Telephone	126,543	164,975
Legal and professional fees	76,643	48,021
Advertising	110,955	130,694
Office supplies	138,984	92,978
Printing and duplicating	207,510	145,324
Board members - honorarium and travel	45,165	32,562
Inspection fees	96,305	109,725
Repairs and other services	385,560	123,434
Freight and messenger services	17,486	20,154
Equipment rental	17,432	12,789
Total expenditures	10,974,082	11,580,398
Excess of revenue over expenditure before equipment purchases	1,290,838	38,043
Equipment purchases	(23,698)	(82,096)
Excess (deficit) of revenue over expenditure for the year (Statement 2)	$ 1,267,140	$ (44,053)

Crop Reinsurance Fund of Saskatchewan

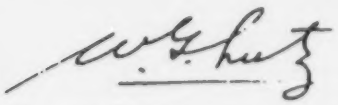
Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of the Crop Reinsurance Fund of Saskatchewan as at March 31, 1987 and the statement of revenue, expenditure and balance of fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
August 6, 1987.



W. G. Lutz, F.C.A.,
Provincial Auditor

Crop Reinsurance Fund of Saskatchewan
Balance Sheet
as at March 31

Statement 1

	1987	1986
Fund Balance		
Due to Saskatchewan Crop Insurance Corporation (Note 3)	$ 54,787,354	$ 79,591,518
Balance of Fund (Statement 2)	(54,787,354)	(79,591,518)
	$ —	$ —

(See accompanying notes to the financial statements)

Crop Reinsurance Fund of Saskatchewan

Statement 2

Statement of revenue, expenditure and balance of fund

Year ended March 31

	1987	1986
Revenue:		
Premium ceded from Saskatchewan Crop Insurance Corporation - Insurance operation	$ 24,804,164	$ 23,163,593
Expenditure:		
Indemnities incurred	—	95,834,735
Excess (deficit) of revenue over expenditure for the year	24,804,164	(72,671,142)
Balance of fund, beginning of year	(79,591,518)	(6,920,376)
Balance of fund, end of year (Statement 1)	$(54,787,354)	$(79,591,518)

(See accompanying notes to the financial statements)

Crop Reinsurance Fund of Saskatchewan
Notes to financial statements
March 31, 1987

1. Accounting Policies

Premiums Ceded from Saskatchewan Crop Insurance Corporation — Insurance Operation

Under the terms of the agreement indicated in Note 2, the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the Reinsurance Funds based on premiums received during the insurance year including the matching contributions made by the Province.

Liability for Claim Payments from the Reinsurance Funds

As provided for in the agreement, payments may be made out of the Reinsurance Funds under the following conditions:

(1) Indemnities required to be paid in an insurance year would have to exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded

b) the balance in the Saskatchewan Crop Insurance Corporation — Insurance operation

c) 2½% of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

(2) The balance of indemnities to be paid would be shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds.

2. Status of the Fund

The Crop Insurance Agreement dated April 2, 1976 between the Governments of Saskatchewan and Canada, continued under Section 23 of The Crop Insurance Act, (as amended by the 1987 amending agreement) provides for the establishment of two reinsurance funds:

i) The Crop Reinsurance Fund of Saskatchewan — which is administered by the Government of Saskatchewan, and

ii) The Crop Reinsurance Fund of Canada for Saskatchewan — which is administered by the Government of Canada.

3. Due to Saskatchewan Crop Insurance Corporation

The balance due to Saskatchewan Crop Insurance Corporation represents:

a) the difference between the estimated premium ceded during the year and the actual calculated for the year based on the gross premium collected; and

b) the difference between the estimated claim submitted by the reinsured based on the estimated indemnities payable and the actual reinsurance claims calculated at the year end.

The Province of Saskatchewan, pursuant to the agreement described in Note 2, has agreed to make interest free advances to the Crop Reinsurance Fund of Saskatchewan so that the Reinsurance Fund can meet its obligations to the Saskatchewan Crop Insurance Corporation.

4. Balance in the Crop Reinsurance Fund of Canada for Saskatchewan

The balance in the Crop Reinsurance Fund of Canada for Saskatchewan as at March 31, 1987 was a deficit of $121,414,345 (1986 deficit $146,215,911).

ANALYSIS OF INSURANCE

Canada-Saskatchewan Crop Insurance Program
Comparative Statistics*
Coverage and premium

	Insurance Coverage	Average Coverage	Insureds' Net Premium	Average Premium	Average Rate (%)
1961-62	306,500	1,580	23,925	123	7.8
1962-63	2,319,000	1,734	171,284	128	7.4
1963-64	3,683,000	1,648	275,645	123	7.5
1964-65	4,088,000	1,735	278,926	118	6.8
1965-66	4,566,000	1,440	290,708	92	6.4
1966-67	12,125,000	1,734	743,154	106	6.1
1967-68	15,910,000	1,938	941,146	115	5.9
1968-69	27,165,000	2,201	1,719,898	139	6.3
1969-70	21,194,000	1,821	1,320,748	113	6.2
1970-71	9,039,200	995	567,835	63	6.3
1971-72	14,625,000	1,854	782,908	99	5.4
1972-73	29,840,005	2,519	1,821,463	154	6.1
1973-74	140,436,128	5,874	6,780,470	284	4.8
1974-75	288,263,532	9,177	14,536,220	463	5.0
1975-76	405,089,832	10,604	19,621,549	506	4.9
1976-77	542,207,973	13,852	25,986,032	664	4.8
1977-78	704,688,894	14,944	34,761,664	736	4.9
1978-79	708,193,202	16,457	33,258,275	773	4.7
1979-80	721,821,633	17,976	33,068,306	824	4.6
1980-81	935,838,614	21,840	41,457,643	968	4.4
1981-82	1,162,172,942	25,123	53,612,350	1,159	4.6
1982-83	1,233,908,814	27,748	56,458,215	1,270	4.6
1983-84	1,254,906,517	29,184	56,017,456	1,303	4.5
1984-85	1,345,493,742	30,971	62,690,884	1,443	4.7
1985-86	1,558,492,595	33,234	76,052,344	1,622	4.9
1986-87**	1,778,772,508	36,337	88,008,642	1,798	4.9

**Includes coverage under Multi-Year Disaster Benefit program.

Contracts and liability by risk area

Risk Area	Total Contracts 1985	Total Contracts 1986	Total Liability 1985	Total Liability 1986
01	1,099	1,118	$ 41,231,052	$ 44,878,179
01	1,435	1,520	48,065,529	62,773,588
03	2,259	2,517	74,481,519	95,484,272
04	1,044	1,168	42,159,984	64,145,438
05	1,427	1,444	44,824,207	50,896,446
06	2,972	3,257	100,566,071	123,264,871
07	2,149	2,139	60,666,132	60,338,835
08	2,895	3,006	101,294,698	114,234,524
09	1,270	1,391	40,000,702	47,579,047
10	2,452	2,716	77,050,078	96,317,755
11	3,348	3,236	81,731,445	82,302,092
12	1,700	1,781	56,603,707	63,831,044
13	500	558	21,453,093	25,042,778
14	3,589	3,446	85,319,852	86,222,377
15	3,228	3,363	112,508,083	121,512,170
16	4,765	5,054	190,521,935	225,489,501
17	3,675	3,702	120,868,258	126,368,278
18	1,486	1,626	53,736,898	60,588,189
19	577	620	23,649,508	26,594,402
20	1,367	1,467	63,766,759	73,054,625
21	1,754	1,840	57,840,199	62,493,904
22	1,033	1,068	34,782,294	37,062,344
23	870	915	25,370,592	28,297,849
	46,894	48,952	$1,558,492,595	$1,778,772,508

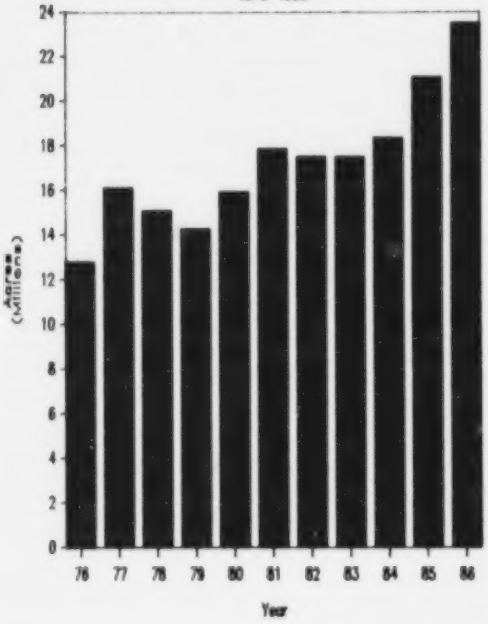
ANALYSIS OF INSURANCE

Number of Insureds

1976–1986

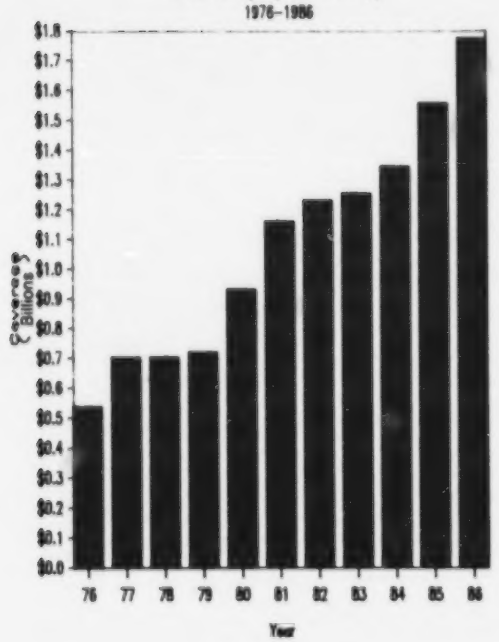
Total Insured Acreage

1976–1986



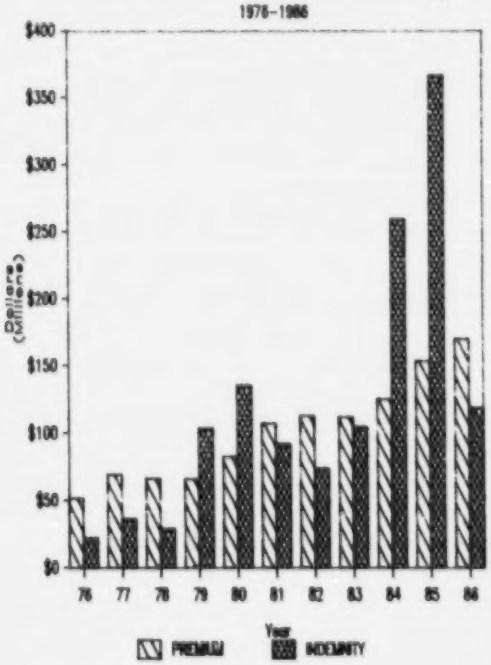
Liability (Billion $)

1976–1986



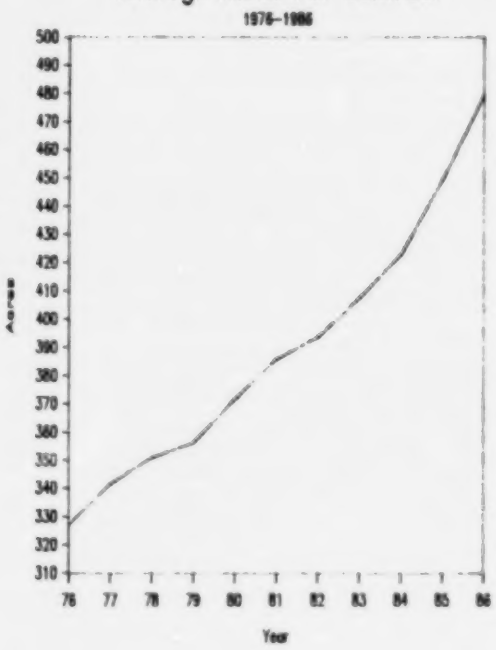
Total Premium and Indemnity

1976–1986

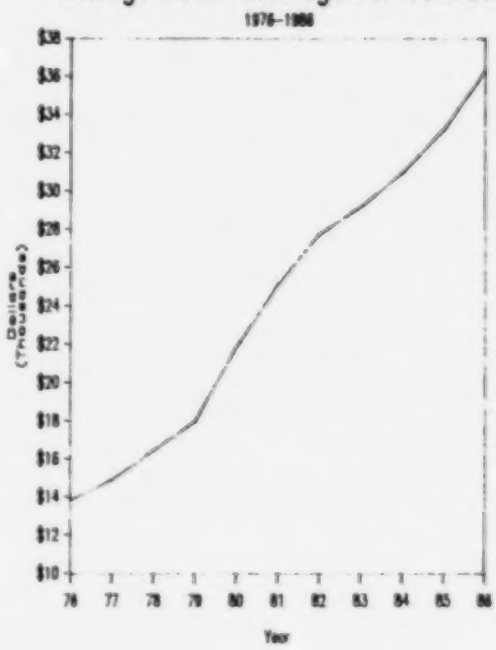


ANALYSIS OF INSURANCE

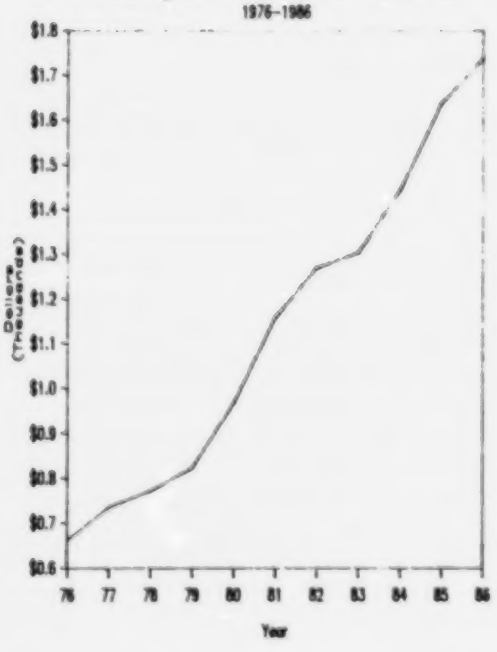
Average Acres Per Contract



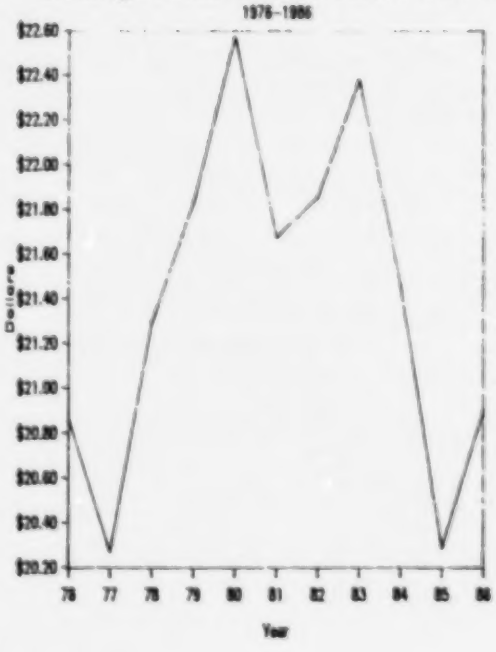
Average Dollar Coverage Per Contract



Average Premium Per Contract



Coverage Purchased Per Premium Dollar



Summary of experience

Year	No. of Insured	Revenue* Total	Revenue* Govt. of Can.	Indemnities Paid Number	Indemnities Paid Amount	Loss to Revenue Ratio by Year	Loss to Revenue Ratio Accumulated
1961-62	194	$ 31,586	$ 6,275	169	$ 129,669	4.11	4.11
1962-63	1,337	224,611	43,161	147	61,651	.27	.75
1963-64	2,235	372,180	69,657	38	9,285	.02	.32
1964-65	2,357	370,342	69,144	240	137,926	.37	.34
1965-66	3,172	402,388	74,021	301	123,304	.31	.33
1966-67	6,989	1,010,907	184,907	161	107,978	.11	.24
1967-68	8,211	1,377,099	313,499	887	497,118	.36	.28
1968-69	12,343	2,476,308	559,921	1,683	1,607,853	.65	.43
1969-70	11,637	2,007,405	427,616	553	385,787	.19	.37
1970-71	9,083	1,050,640	195,667	213	104,338	.10	.34
1971-72	7,890	1,349,366	259,933	206	142,930	.11	.31
1972-73	11,844	2,773,108	597,050	1,654	1,262,763	.46	.34
1973-74	23,909	14,341,387	6,688,320	8,484	7,730,305	.54	.44
1974-75	31,411	30,597,743	14,158,291	23,505	32,898,379	1.08	.77
1975-76	38,209	40,960,627	19,985,427	24,444	28,392,087	.69	.74
1976-77	39,143	53,785,749	26,160,037	15,092	22,401,840	.42	.63
1977-78	47,156	72,441,650	34,446,565	21,915	36,862,943	.51	.59
1978-79	43,032	72,720,436	33,553,882	17,389	29,419,884	.41	.54
1979-80	40,154	76,378,011	34,426,225	39,050	103,835,041	1.34	.71
1980-81	42,850	88,489,170	42,202,922	35,907	135,708,452	1.53	.87
1981-82	46,259	108,487,827	52,871,324	29,167	92,280,986	.85	.86
1982-83	44,469	115,954,971	56,364,777	23,967	74,157,729	.64	.83
1983-84	43,000	114,663,673	55,620,789	26,804	105,243,197	.92	.84
1984-85	43,443	128,028,555	63,356,964	51,853	259,864,151	2.03	1.00
1985-86	46,894	158,212,616	77,211,976	57,693	377,180,151	2.33	1.20
1986-87	48,952	174,309,078	82,680,545	29,161	119,054,329	.68	1.13

* Revenue includes premiums from farmers, premium contributions by Government of Canada, interest on bank balances, investments and notes receivable.

Acres insured

	Durum	Wheat	Spring	Barley	Oats	Flax	Canola	Fall Rye	Sun Flowers	Utility Wheat	Mustard	Field Peas	Forage	Lentils	Canary Seed	Spring Rye	Faba-Beans	Winter Wheat	Soft White Winter Wheat	Sweet Clover	Tritti-cale	Total	Ave-rage
1961-62		28,600		1,740	3,160																	31,700	160
1962-63		180,000		18,400	27,600																	226,000	169
1963-64		304,600		29,200	38,000																	371,800	166
1964-65		414,700		25,800	23,000																	463,500	197
1965-66		512,200		37,100	21,200																	570,500	180
1966-67		1,182,600		143,000	20,600																	1,346,200	193
1967-68		1,593,000		190,000	23,000																	1,806,000	220
1968-69		2,742,000		214,000	35,000																	2,991,000	242
1969-70		2,145,000		216,000	37,000																	2,398,500	206
1970-71	137,400		579,500	262,500	24,400																	1,003,800	111
1971-72	149,000		1,040,200	250,600	24,800																	1,464,500	186
1972-73	385,088		1,613,505	362,166	40,855	41,267	148,301															2,588,182	218
1973-74	715,544		4,731,716	1,008,856	234,891	153,252	388,380	2,177	1,050													7,235,866	303
1974-75	1,360,053		5,615,440	1,507,827	430,933	218,864	545,896	14,054	190	42,295	68,880											9,804,422	312
1975-76	2,072,676		5,673,045	1,519,268	559,950	227,902	881,634	29,722	829	67,105	33,871											12,066,222	316
1976-77	1,870,193		8,452,752	1,389,155	549,122	90,225	326,818	49,101	570	60,345	17,950	3,287										12,811,518	327
1977-78	1,216,880		10,367,504	2,246,807	746,651	365,647	774,775	47,929	2,291	264,967	73,457	9,919										16,116,827	342
1978-79	2,266,101		8,692,868	1,631,337	476,210	221,894	1,415,738	83,014	2,004	226,913	73,363	9,814	9,243									15,108,499	351
1979-80	1,721,7509		8,706,489	1,270,343	361,241	386,897	1,616,044	76,076	4,128	58,068	44,418	12,789	8,223	13,941	24,075	4,858						14,309,340	356
1980-81	2,147,814		9,783,115	1,795,748	480,810	247,139	1,085,158	89,389	10,632	44,046	110,742	17,569	10,764	43,400	50,881	13,493						15,930,700	371
1981-82	2,749,049		11,097,416	2,180,806	546,035	210,676	686,360	138,233	4,791	37,515	75,290	15,942	13,793	44,848	39,962	18,022	152					17,849,890	386
1982-83	2,237,746		11,250,517	2,049,734	461,074	275,290	757,199	147,036	3,601	34,773	49,725	26,530	38,730	63,902	89,761	25,008	370					17,510,996	390
1983-84	2,087,304		11,854,822	1,614,460	326,370	123,665	1,112,926	135,117	1,306	25,787	93,580	21,594	14,825	56,294	47,883	8,072	1,177					17,525,182	408
1984-85	2,561,121		10,931,701	1,823,475	376,268	372,201	1,770,049	105,589	5,895	58,823	164,691	28,907	23,615	76,035	67,907	9,133	2,010					18,377,400	423
1985-86	2,899,744		11,853,170	2,218,712	480,229	430,229	1,803,123	118,634	6,103	167,936	222,031	43,798	99,934	110,489	84,892	23,484	1,017	416,257	9,329			20,991,245	450
1986-87	3,172,596		13,298,153	2,394,632	488,090	501,806	1,665,883	187,634	6,493	156,036	271,288	102,565	202,039	218,964	131,153	29,369	2,599	602,306	11,301	29,649	2,887	23,455,443	479

Extended coverage on unseeded acres

1975-76	673,676	1977-78	74,011	1979-80	149,288	1981-82	17,553	1983-84	35,554	1985-86	92,306
1976-77	338,826	1978-79	66,645	1980-81	55,735	1982-83	23,335	1984-85	12,634	1986-87	43,521

1986-87 Irrigation Summary

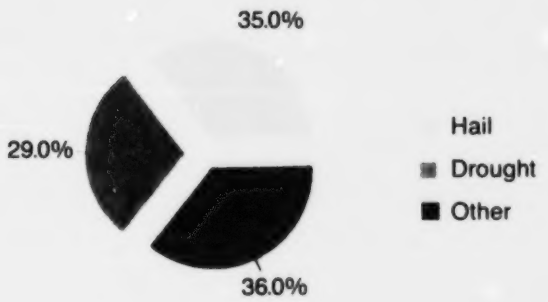
Number of Acres

	Spring Wheat	Durum Wheat	Utility Wheat	Barley	Oats	Flax	Canola	Mustard	Lentils	Canary Seed	Faba-Beans	Field Peas	Winter Wheat	Soft White Spring Wheat	Prov. Total
1981-82	7,122	2,574	—	3,741	367	569	545	130	245	—	—				15,293
1982-83	10,796	1,178	67	3,765	226	798	912	153	290	630	—				18,815
1983-84	14,075	1,721	—	2,522	102	231	2,651	160	—	7	57				21,526
1984-85	7,457	2,519	1,099	3,325	307	1,348	5,328	724	322	27	71				22,527
1985-86	10,358	1,898	3,947	4,832	730	3,168	6,327	2,102	1,117	105	346	160	583	9,229	44,882
1986-87	10,180	2,206	2,944	7,380	1,113	3,524	6,880	1,041	4,028	379	812	968	79	10,377	51,911

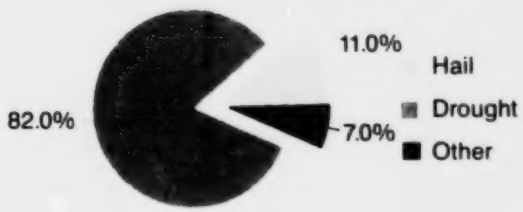
ANALYSIS OF INSURANCE

Causes of Loss

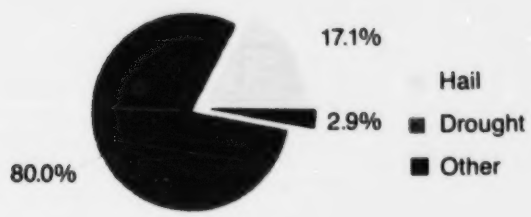
1986 Causes of Loss



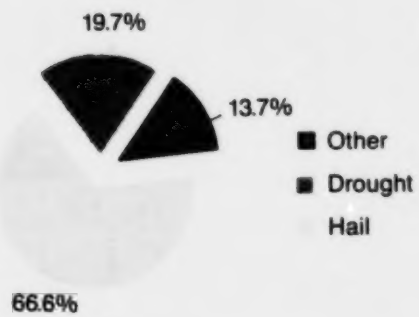
1985 Causes of Loss



1984 Causes of Loss

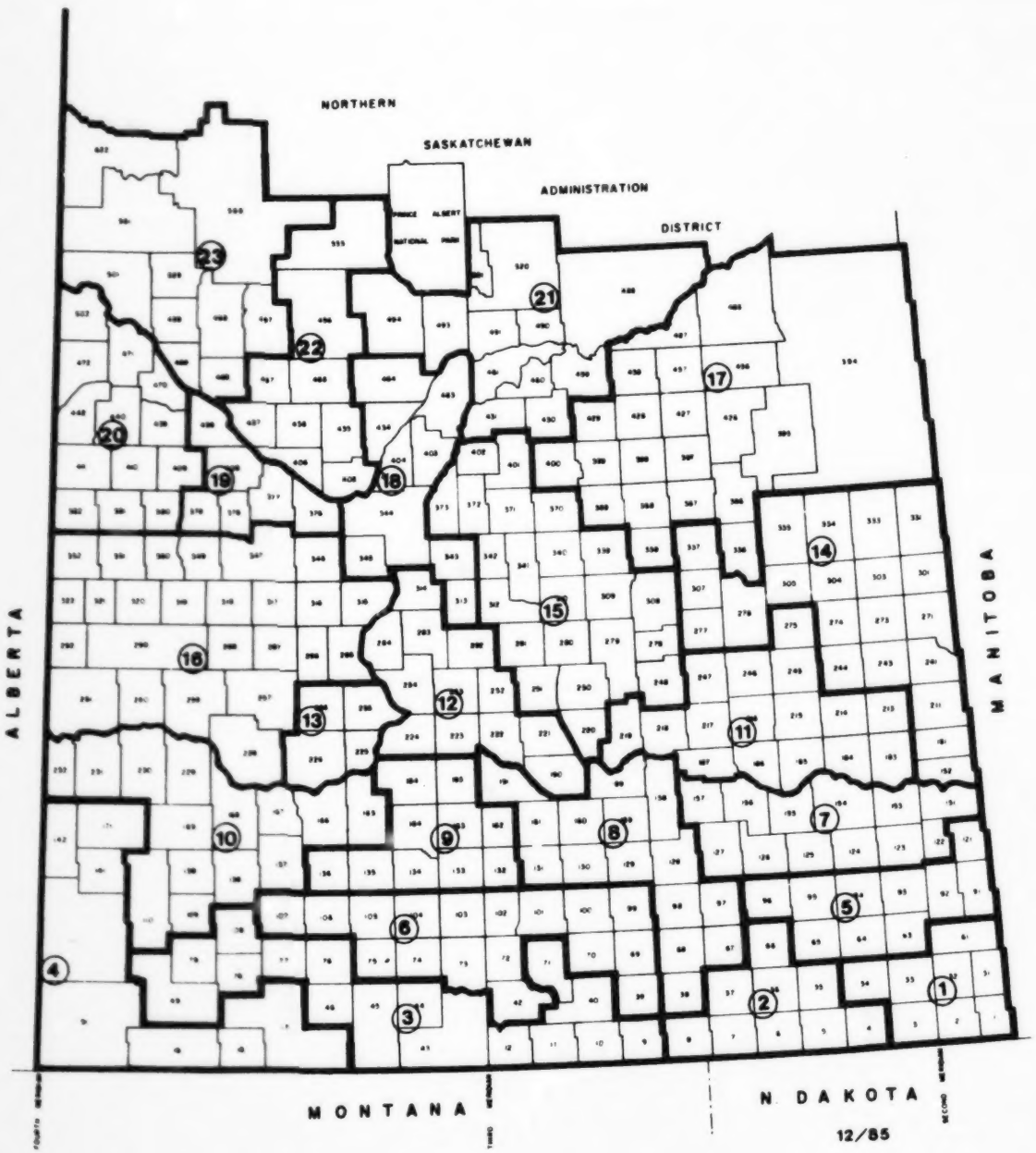


1983 Causes of Loss



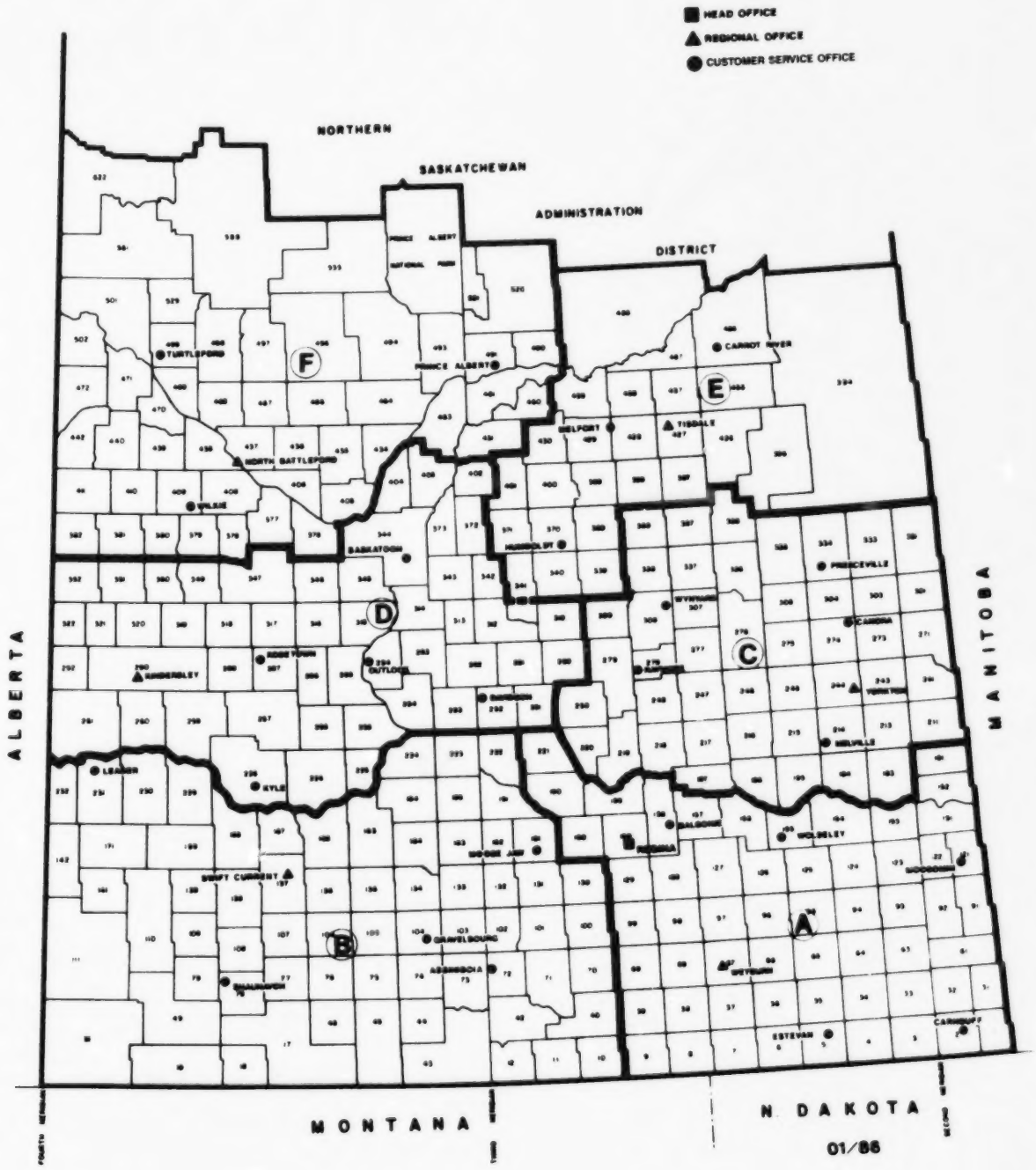
APPENDIX A

Risk Areas



APPENDIX B

Field Supervisor Regions
Customer Service Office Locations



APPENDIX C

Customer Service Office Districts